

Message Text

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ACTION SS-25

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O 151810Z NOV 74

FM AMEMBASSY GEORGETOWN

TO SECSTATE WASHDC IMMEDIATE 551

C O N F I D E N T I A L GEORGETOWN 2021

EXDIS

E.O. 11652: GDS

TAGS: EMIN, EIND, GY

SUBJECT: REPORTS ON FURTHER LAYOFFS BY REYNOLDS

REF: (A) GEORGETOWN 2011; (B) STATE 241966

1. EMBASSY RECEIVED REPORTS FROM TWO SEPARATE SOURCES AFTERNOON NOV 14 ON DETAILS OF ALLEGED PLANS LAST WEEK BY REYNOLDS TO LAY OFF ABOUT FOUR HUNDRED ADDITIONAL PERSONNEL AT EVERTON AND KWAKWANI OPERATIONS. REPORTS DIFFER SLIGHTLY IN TIMING, BUT DETAILS ARE ESSENTIALLY THE SAME. THESE REPORTS ARE THE QUOTE DOCUMENTARY EVIDENCE UNQUOTE WHICH BURNHAM AND JACK MENTIONED TO AMBASSADOR NOV 7, AND THE SUBSTANCE OF WHICH (AS ORIGINALLY DESCRIBED BY BURNHAM) REYNOLDS REP DENIED WHEN QUERIED BY STATE DEPT OFFICER. THE DEPT WILL NOTE THAT BURNHAM'S ALLEGATION TO AMBASSADOR WAS THAT REYNOLDS HAD GIVEN ORDERS TO PREPARE LIST FOR LAYOFF OF TWO HUNDRED ADDITIONAL EMPLOYEES LAST WEEK IMMEDIATELY AFTER MCCONNELL ASSURANCE RELAYED THROUGH AMBASSADOR (REF A).

2. IN FIRST CASE, MINISTER OF STATE IN PRIME MINISTER'S OFFICE (NASCIMENTO) TOLD ME THAT ON SUNDAY EVENING, NOV 3, TELEPHONED QUOTE ORDER UNQUOTE GIVEN TO ACTING MANAGER CHUNG BY REYNOLDS MANAGER WAGNER, WHO THEN IN JAMAICA, TO PREPARE LIST OF ADDITIONAL PERSONNEL TO BE RETRENCHED AT DATE TO BE DETERMINED OR SPECIFIED LATER. IN MESSAGE (PHONE CALL)WAGNER ALLEGEDLY CITED CATEGORIES OF PERSONNEL WHO WOULD NOT RPT NOT BE RETRENCHED. NUMBERS TO BE LAID OFF ACCORDING TO FORMULA WORKED OUT TO 264 AT EVERTON AND 162 AT KWAKWANI. SAME ORDER ALLEGEDLY TELEPHONED

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BY WAGNER MORNING NOV 4 TO EVERTON MANAGER (CARREGA). MEETINGS

LATER HELD BY LOCAL MANAGEMENT WITH SECTION HEADS WHO PROTESTED VEHEMENTLY AGAINST FURTHER REDUCTION IN WORK FORCE. CARREGA RELAYED STRONG NEGATIVE REACTION TO WAGNER. PM AND JACK INFORMED AMBASSADOR AND GOG ARRANGED PRESS LEAKAGE AND CRITICISM. NASCIMENTO STATED APPARENTLY AS RESULT OF WORKER, STAFF, AND GOG OPPOSITION,

AND POSSIBLE US EMBASSY QUERY, REYNOLDS ON MONDAY, NOV 11, INSTRUCT-ED CHUNG TO DISREGARD EARLIER ORDER FOR RETRENCHMENT. NASCIMENTO CLAIMED THIS SHOWED THAT AT TIME WHEN AMBASSADOR WAS CHECKING THROUGH STATE DEPT AND REYNOLDS AFTER BURNHAM'S AND JACK'S CALLS, AND BEING ASSURED THERE NO PRESENT PLANS FOR FURTHER RETRENCHMENT, ORDER STILL STOOD; THEREFORE OUR ASSURANCE INCORRECT. (FYI- THOUGH NASCIMENTO DID NOT RPT NOT SO STATE, WE BELIEVE GOG MAY CONSIDER PUBLICIZING THIS SCENARIO TO BOLSTER CASE AGAINST REYNOLDS.L

3. OTHER VERSION OBTAINED BY ECONOFF FROM REYNOLDS MANAGER CHUNG WHO STATED THAT MIKE LEWIS (REYNOLDS, RICHMOND) CALLED HIM AND TOLD CHUNG TO SOLICIT REACTION FROM EVERTON AND KWAKWANI TO FURTHER RETRENCHMENT OF ALL BUT ONE HUNDRED PERSONNEL IN KWAKWANI AND ONE HUNDRED THIRTY IN EVERTON. CHUNG TOLD LEWIS REACTION WOULD BE UNFAVORABLE, BUT WENT AHEAD AS ORDERED. THERE FOLLOWED THEN ESSEN-TIALLY SAME SCENARIO AS DESCRIBED PARA TWO. CHUNG THEN CALLED WAGNER AND EXHORTED HIM TO RESCIND ANY ORDER FOR FURTHER LAYOFFS CITING UNECONOMICAL ASPECT OF MOVE, AND STATING IT WOULD ONLY SERVE TO ANTAGONIZE GOG. CHUNG FURTHER SAID TO WAGNER SUCH PROPOSAL WOULD BE QUOTE IMPOSSIBLE TO IMPLEMENT UNQUOTE. WAGNER CONCEDED QUOTE YOU HAVE A POINT UNQUOTE. CHUNG DID NOT RPT NOT SAY THAT RICHMOND HAS UNEQUIVOCALLY DROPPED IDEA OF FURTHER LAYOFFS, BUT IT WAS CHUNG'S BELIEF THAT REYNOLDS RECOGNIZES SUCH MOVE WOULD BE COUNTER-PRODUCTIVE.

4. FYI. CHUNG ALSO NOTED THAT TUESDAY, NOV 5, WAGNER CALLED AND ORDERED ALL ORE RECOVERY OPERATIONS TO CEASE BUT TO CONTINUE REMOVING OVERBURDEN (SCRAPING), ROAD REPAIRS, DRAINAGE, MAINTENANCE, ETC. END FYI.

5. COMMENT: EMBASSY FEELS IT REASONABLE CLEAR REYNOLDS DID IN FACT EITHER ATTEMPT TO RETRENCH ADDITIONAL PERSONNEL, OR AT LEAST TRIED TO FEEL OUT LOCAL STAFF ON MATTER. THOUGH TECHNICALLY MCCONNELL ASSURANCE RELAYED TO BURNHAM AT REYNOLDS REQUEST (REF B) CONFIDENTIAL

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WAS NOT VIOLATED, MOVE INITIATED ON EVENING OF SAME DAY ASSURANCE RELAYED COULD EASILY BE INTERPRETED AS BAD FAITH, AND WAS SO INTER- PRETED BY GOG. BOTH THAT AND LAST WEEK'S TELEPHONE ASSURANCE TO STATE OFFICER THAT REYNOLDS NOT PRESENTLY PLANNING FURTHER LAYOFFS HAVE RESULTED IN PLACING EMBASSY IN AWKWARD POSITION WHICH COULD HAVE EASILY BEEN AVOIDED BY REYNOLDS INFORMING US WHEN ISSUED OF EXACT NATURE OF ALLEGED WAGNER ORDER, AND BY CLEAR EXPLANA- TION TO GOG AND US OF WHY THIS DID NOT VIOLATE MCCONNELL ASSUR-

ANCE WE RELAYED TO BURNHAM. EVEN BETTER WOULD HAVE BEEN NON-
ISSUANCE OF ORDER.

6. FURTHER COMMENT: WE DO NOT, IN ANY EVENT, UNDERSTAND WHY
REYNOLDS WOULD WANT TO RETRENCH FURTHER AT THIS TIME ON ECONOMIC
GROUNDS. CHUNG STATES (AS HAS MINMINES JACK) THAT IT LESS COSTLY
TO CONTINUE PERSONNEL ON FULL PAY STATUS UNTIL DEC 31
THAN TO LAY OFF AND MAKE SEVERANCE PAYMENTS. GOG FEELS THAT LAYOFFS
ARE THEREFORE PURELY POLITICALPRESSURE MOV. IF THERE IS
STILL SPARK OF HOPE FOR EQUITABLE SETTLEMENT OF TAX/NATIONALIZATION
ISSUE PRIOR TO OPIC CLAIM, FURTHER RETRENCHMENT BY REYNOLDS
WOULD SEEM LIKELY TO EXTINGUISH IT, AND REINFORCE BURNHAM'S
APPARENT BELIEF THAT REYNOLDS HAS NO RPT NO INTENTION OF BAR-
GAINING IN GOOD FAITH. REYNOLDS MUST REALIZE THAT LOCAL MANAGEMENT
PERSONNEL ARE GUYANESE CITIZENS OR LON-TIME RESIDENTS, AND WOULD
NOT RPT NOT MAKE ANY MOVE WHICH WOULD JEOPARDIZE THEIR FUTURE
STANDING WITH WHAT WILL SHORTLY BE A NATIONALIZED ENTITY, AND THAT
THEY WILL INFORM GOG OF ANY SIGNIFICANT INFORMATION THEY RECEIVE.
WE URGE DEPT TO IMPRESS UPON REYNOLDS ABSOLUTE NECESSITY
TO KEEP DEPT AND CONSEQUENTLY EMBASSY FULLY INFORMED OF ANY
MOVES ABOUT WHICH OUR COMMENTS MAY PROVE USEFUL IN REYNOLDS
DECISION TAKING, PARTICULARLY WHEN EMBASSY IS RELAYING INITIATIVE
AND MESSAGES BETWEEN REYNOLDS AND GOG. USG OBVIOUSLY IS NOT RPTNOT
UNINTERESTED PARTY, AND GOG BELIEVES WE HAVE SOME INFLUENCE ON
REYNOLDS'S DECISIONS.
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